

Message Text

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PAGE 01 GENEVA 04626 01 OF 02 281657Z
ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AF-10 ARA-10 EA-10 EUR-12
NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01
TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-15 OIC-02
IO-13 /163 W

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P 281643Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 7689
INFO AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 04626

USMTN

ACTION STR

PASS AGRICULTURE

STR PASS CODEL

EO 11652: N/A
TAGS: ETRD, GATT, MTN
SUBJECT: US-NORDIC MTN AGRICULTURAL DISCUSSIONS

1. SUMMARY: THE US AND NORDIC MTN DELEGATIONS HELD A
BRIEF CONSULTATION MARCH 21 TO GIVE PRELIMINARY REACTIONS
TO THEIR RESPECTIVE AGRICULTURAL OFFERS AND TO AGREE ON A
DATE FOR A DETAILED EXAMINATION OF AGRICULTURAL REQUESTS
AND OFFERS. IT WAS AGREED THAT A SERIES OF MEETINGS WOULD
BE SCHEDULED DURING THE PERIOD APRIL 11 TO 14. END SUMMARY
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PAGE 02 GENEVA 04626 01 OF 02 281657Z

2. THE US AND NORDICS HELD AN INITIAL PLURILATERAL
CONSULTATION MARCH 21 ON AGRICULTURAL REQUESTS AND OFFERS.
REPRESENTING THE NORDICS WERE SELMER FOR NORWAY, LEMMEL
FOR SWEDEN, AND HAGFORS FOR FINLAND. REPRESENTING THE US
WERE THE NORDIC TEAM LED BY BALE. JOHN HUDSON ATTENDED
FROM USDA. THE CONSULTATION CONSISTED OF A PRELIMINARY

EXCHANGE OF VIEWS TO PAVE THE WAY FOR MORE DETAILED DISCUSSIONS IN EARLY APRIL. IT WAS AGREED THAT THE PERIOD APRIL 11 TO 14 WOULD BE SET ASIDE FOR THIS PURPOSE, BEGINNING WITH ANOTHER PLURILATERAL FOLLOWED BY BILATERALS WITH THE INDIVIDUAL COUNTRIES, AND THAT AGRICULTURAL SPECIALISTS FROM NORDIC CAPITALS WOULD PARTICIPATE.

3. THE NORDICS LED BY SELMER UNDERLINED AT THE OUTSET THE DIFFICULT PROBLEMS FACED BY THEIR AGRICULTURAL SECTORS DUE TO UNFAVORABLE CLIMATE AND TOPOGRAPHY AND NOTED THAT THEIR OFFERS SHOULD ALSO BE EXAMINED IN LIGHT OF THE SPECIAL POLITICAL AND SOCIAL CONSIDERATIONS EXISTING IN THE NORDIC COUNTRIES. IN ADDITION, THEY ASSERTED THAT THEIR PARTICIPATION IN THE WORK OF THE THREE PRODUCT SUBGROUPS WOULD ALSO REPRESENT A SUBSTANTIAL CONTRIBUTION ON THEIR PART TO THE AGRICULTURAL NEGOTIATIONS.

4. US DEL STRESSED THE IMPORTANCE TO THE US OF AGRICULTURE IN THE MTN AND THE FACT THAT NO PACKAGE COULD BE PRESENTED TO CONGRESS WITHOUT A SIGNIFICANT LIBERALIZATION ELEMENT FOR AGRICULTURE. THE US POINTED OUT THAT THE NORDIC OFFERS IN RELATION TO US REQUESTS WERE, IN GENERAL, VERY POOR DESPITE US EFFORTS TO LIMIT THE NUMBER AND SCOPE OF ITS REQUESTS. THE US NOTED THAT, ALTHOUGH SOME REQUESTS INVOLVE SENSITIVE AREAS, THE NORDICS DID NOT EVEN MAKE OFFERS ON PRODUCTS FAR REMOVED FROM DOMESTIC SENSITIVITIES. LIMITED OFFICIAL USE

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PAGE 03 GENEVA 04626 01 OF 02 281657Z

THE US EXPRESSED CONCERN THAT ONLY 25 OF THE 113 REQUESTS ADDRESSED TO THE THREE NORDIC COUNTRIES WERE RESPONDED TO AND THAT ONLY SWEDEN RESPONDED TO AN NTM REQUEST (SWEDEN'S OFFER TO REDUCE AND BIND THE COEFFICIENT FOR CALCULATING THE VARIABLE LEVY ON PROCESSED POULTRY). THE US OBSERVED, HOWEVER, THAT ALTHOUGH THE RESPONSES BY THE THREE COUNTRIES LEFT MUCH TO BE DESIRED, FINLAND'S EFFORT WAS OBVIOUSLY MORE SUBSTANTIAL THAN THE OTHER TWO.

5. THE NORDIC DEL TOOK NOTE OF US DISAPPOINTMENT, BUT RESPONDED THAT THE NORDIC COUNTRIES WERE ALSO DISAPPOINTED WITH THE US OFFER, PARTICULARLY WITH REGARD TO THE PRINCIPAL SUPPLIER RULE. HE SAID THAT SUCH CRITERIA FOR MAKING OFFERS WAS ESPECIALLY HARD ON SMALLER AGRICULTURAL EXPORTERS. US DEL GAVE REASONS FOR THIS PROCEDURE AND ADDED THAT IT WAS WILLING TO EXPLORE SPECIAL CONCERNS OF NON-PRINCIPAL SUPPLIERS AND THE BENEFITS THEY WOULD RECEIVE FROM A CONCESSION IN LIGHT OF THE BENEFITS WHICH WOULD ACCRUE TO THE PRINCIPAL SUPPLIER.

6. FINLAND (HAGFORS) EXPRESSED SURPRISE THAT THE US WAS DISAPPOINTED IN FINLAND'S OFFER. HE POINTED OUT THAT

FINLAND RESPONDED, IN TERMS OF TRADE VALUE, TO 72 PERCENT OF US TARIFF REQUESTS. HE OBSERVED THAT FINLAND'S OFFER REPRESENTED A DEFINITE IMPROVEMENT IN ACCESS FOR THE US, BUT THAT THE US OFFER GAVE FINLAND ALMOST NOTHING. HE MENTIONED VODKA AND CHEESE AS IMPORTANT AREAS IN WHICH THE ALLEGED IMBALANCE COULD BE RECONCILED. THE US REPLIED THAT THE NOTION OF A BALANCE OF CONCESSIONS WITHIN THE AGRICULTURAL SECTOR MUST BE DISPELLED AND NOTED THAT FINLAND'S CALCULATIONS OF THE VALUE OF ITS OFFER OMITTED ALL US NTM REQUESTS. SURPRISINGLY, THE NORDICS CONCURRED THAT THE MTN PACKAGE MUST RESULT IN A "GLOBAL BALANCE."

7. FINLAND SAID THAT IT WOULD LIKE TO TAKE UP ITS REQUEST ON CHEESE (CVD ELIMINATION) IN THE CONTEXT OF THE LIMITED OFFICIAL USE

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PAGE 04 GENEVA 04626 01 OF 02 281657Z

DAIRY SUBGROUP REGARDLESS OF THE OUTCOME OF THE WORK IN

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PAGE 01 GENEVA 04626 02 OF 02 281658Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 04626

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THE SUBSIDIES/CVD SUBGROUP. US DEL RESPONDED THAT THE ISSUE OF CVD'S IN THE MTN WAS BEING DEALT WITH IN THE CONTEXT OF A CODE ON SUBSIDIES AND COUNTERVAILING DUTIES AND THAT THE TWO ISSUES WERE NECESSARILY LINKED. FINLAND ASKED THAT, IN ANY CASE, THE US TAKE NOTE OF FINLAND'S DESIRE TO DISCUSS THE CVD PROBLEM WITH THE US BILATERALLY.

8. SWEDISH DEL CALLED ATTENTION TO THE US REQUEST FOR A HOTEL QUOTA ON BEEF AND INDICATED THAT THIS WOULD BE GIVEN FURTHER STUDY. SWEDEN ALSO TOOK NOTE OF US INTEREST IN LIMITED OFFICIAL USE

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PAGE 02 GENEVA 04626 02 OF 02 281658Z

VARIABLE LEVIES, BUT ASSERTED THAT MANY OF THE LEVIES ARE ON PRODUCTS COVERED BY THE THREE SUBGROUPS AND SOLUTIONS MIGHT THEREFORE BE FOUND IN THOSE CONTEXTS. THE SWEDISH DEL TOOK NOTE OF THE US DEFINITION OF "SPECIALTY FLOURS," BUT WONDERED HOW THESE FLOURS COULD BE DISTINGUISHED FROM FLOUR FOR BREAD.

9. DRAFTED BY DRAZEK. MCDONALD

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